

Internal Revenue Service

Number: **200812003**
Release Date: 3/21/2008

Index Number: 355.00-00, 355.01-01,
355.09-00, 368.00-00,
368.04-00

Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

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PLR-109922-07

Date:
September 25, 2007

Legend

Distributing =

Sub 1 =

Sub 2 =

Sub 3 =

Sub 4 =

Sub 5 =

Sub 6 =

Sub 7 =

Sub 8 =

Sub 9 =

Sub 10 =

Sub 11 =

Sub 12 =

Sub 13 =

Controlled =

Contributed LLCs =

Shareholder =

Shareholder Subs =

Distributing
Businesses =

Sub 1 Businesses =

Sub 2 Businesses =

Sub 3 Businesses =

Sub 4 Businesses =

Controlled
Businesses =

Contributed Cash =

Company A =

Post-Exchange
Insurance
Payments =

Post-Exchange
Indemnity
Payments =

a =

b =

c =

d =

e =

f =

Dear :

This letter responds to your February 26, 2007 letter requesting rulings as to the federal income tax consequences of a series of proposed transactions. The information submitted in that letter and in later correspondence is summarized below.

The rulings contained in this letter are based on facts and representations submitted by the taxpayers and accompanied by penalty of perjury statements executed by the appropriate parties. This office has not verified any of the materials submitted in support of the request for rulings. Verification of the information, representations, and other data may be required as part of the audit process.

Moreover, no determination has been made regarding whether Distribution 1, Distribution 2, Distribution 3, Distribution 4 and Distribution 5 (each as defined below): (i) satisfy the business purpose requirement of § 1.355-2(b) of the Income Tax Regulations; (ii) are used principally as a device for the distribution of the earnings and profits of the distributing corporation or the controlled corporation or both (see 355(a)(1)(B) of the Internal Revenue Code and § 1.355-2(d)); or (iii) are part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation or the controlled corporation (see § 355(e) and § 1.355-7).

Summary of Facts

Distributing is a holding company and the parent of an affiliated group of corporations that files a consolidated federal income tax return. Distributing has two classes of stock outstanding: class A common stock ("Class A Common Stock") and class B common stock ("Class B Common Stock"), both of which are publicly traded. Shareholder owns, through Shareholder Subs, a shares, or approximately b%, of the Class A Common Stock and c shares, or approximately d%, of the Class B Common Stock.

Distributing, through its subsidiaries, conducts various businesses, including the Distributing Businesses. Distributing directly owns all of the outstanding stock of Sub 1. Sub 1 directly owns all of the outstanding stock of Sub 2 and e shares of Company A common stock (the "Company A Shares"), representing approximately f% of the only class of issued and outstanding shares of Company A. Sub 2 directly owns all of the outstanding stock of Sub 3. Sub 3 directly owns all of the outstanding stock of Sub 4.

Controlled is a corporation that was newly formed as a wholly-owned subsidiary of Sub 4 in order to effectuate the proposed transactions. Controlled has a single class of common stock outstanding. Controlled will be engaged in the Controlled Businesses, through its ownership of the Contributed LLCs.

Financial information has been submitted which indicates that each of the Distributing Businesses, the Sub 1 Businesses, the Sub 2 Businesses, the Sub 3 Businesses, the Sub 4 Businesses and the Controlled Businesses has had gross

receipts and operating expenses representing the active conduct of a trade or business for each of the past five years.

The net effect of the proposed transactions will be to transfer all of the Controlled stock to Shareholder Subs while completely terminating Shareholder Subs' equity interest in Distributing. The board of directors of Distributing has determined that the proposed transactions will serve the following corporate business purposes: (1) to enable Distributing's management to focus greater attention on core operating assets; (2) to eliminate the distraction of having Shareholder as a Distributing shareholder; and (3) to increase the value of Distributing's stock so that Distributing's stock may be used more efficiently and effectively to compensate its employees and for acquisition purposes (the "Corporate Business Purposes").

Proposed Transaction

To achieve the Corporate Business Purposes, Distributing has proposed the following steps (the "Proposed Transaction"):

- (i) Sub 4 will contribute to Controlled all of the membership interests in each of the Contributed LLCs ("Contribution 1").
- (ii) Sub 4 will distribute all of the Controlled stock to Sub 3 ("Distribution 1").
- (iii) Sub 3 will distribute all of the Controlled stock to Sub 2 ("Distribution 2").
- (iv) Sub 2 will distribute all of the Controlled stock to Sub 1 ("Distribution 3").
- (v) Sub 1 will contribute to Controlled all of the Company A Shares ("Contribution 2").
- (vi) Sub 1 will distribute all of the Controlled stock to Distributing ("Distribution 4").
- (vii) Distributing will contribute the Contributed Cash to Controlled ("Contribution 3").
- (viii) Pursuant to the share exchange agreement by and between Distributing and Shareholder (the "Share Exchange Agreement"), Distributing will transfer all of the Controlled stock to Shareholder Subs (each of which, at the time of such distribution, will have been converted to an entity that is disregarded as an entity separate from the Shareholder within the meaning of § 301.7701-3(b)(1)(ii)) in exchange for c shares of Class B Common Stock and a shares of Class A Common Stock ("Distribution 5").

In connection with the Proposed Transaction, Distributing, Shareholder, Controlled and/or their respective subsidiaries will enter into several agreements relating to the separation of the Controlled Businesses and certain continuing transactions between the companies, including a tax matters agreement (the "Tax Matters Agreement") and certain other ancillary agreements (together with the Tax Matters Agreement, the "Ancillary Agreements"). The Share Exchange Agreement provides for payments between Distributing and Controlled pursuant to a post-closing working capital adjustment (the "Post-Closing Working Capital Adjustment"). In addition, it is possible that payments may be made under the Share Exchange Agreement and the Tax Matters Agreement pursuant to indemnification and tax sharing provisions of those agreements (the "Indemnity Payments" and, together with payments made pursuant to the Post-Closing Working Capital Adjustment, the "Adjustment Payments").

Representations

The following representations are made with respect to Contribution 1 and Distribution 1:

- (a) Any indebtedness owed by Controlled to Sub 4 after Distribution 1 will not constitute stock or securities.
- (b) No part of the consideration to be distributed by Sub 4 in Distribution 1 will be received by Sub 3 as a creditor, employee, or in any capacity other than that of a Sub 4 shareholder.
- (c) Sub 4 and Controlled will each treat all members of its respective separate affiliated group as defined in § 355(b)(3)(B) (hereafter "SAG") as one corporation for purposes of providing information as to whether it meets the requirements of § 355(b)(2)(A) regarding the active conduct of a trade or business.
- (d) The five years of financial information submitted on behalf of the Sub 4 Businesses conducted by Sub 4 is representative of the present business operations of the Sub 4 Businesses conducted by Sub 4, and with regard to the Sub 4 Businesses, there have been no substantial operational changes since the date of the last financial statements submitted.
- (e) The five years of financial information submitted on behalf of the Controlled Businesses conducted by Sub 4 is representative of the present business operations of the Controlled Businesses conducted by Sub 4, and with regard to the Controlled Businesses, there have been no substantial operational changes since the date of the last financial statements submitted.

(f) Following the Proposed Transaction, Sub 4 and Controlled will each continue the active conduct of each of its businesses, independently (except as contemplated by the Ancillary Agreements) and with its separate employees.

(g) The total fair market value of the assets transferred to Controlled by Sub 4 in Contribution 1 will equal or exceed the aggregate adjusted basis of such assets.

(h) The total adjusted bases and the fair market value of the assets transferred to Controlled by Sub 4 in Contribution 1 will each equal or exceed the sum of the liabilities assumed by Controlled plus any liabilities to which the transferred assets are subject; and (ii) the liabilities assumed in Contribution 1 and the liabilities to which the transferred assets are subject were incurred in the ordinary course of business and are associated with the assets being transferred.

(i) No intercorporate debt will exist between Sub 4 and its subsidiaries, on the one hand, and Controlled and its subsidiaries, on the other hand, at the time of, or subsequent to, Distribution 1, except for payables arising under the Ancillary Agreements, or indebtedness otherwise arising in the ordinary course of business.

(j) Payments made in connection with all continuing transactions, if any, between Sub 4 and its subsidiaries, on the one hand, and Controlled and its subsidiaries, on the other hand, following Distribution 1 (other than any Adjustment Payments) will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

(k) No two parties to Distribution 1 will be investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

(l) Distribution 1 is being carried out for the corporate business purpose of facilitating Distribution 5 and is motivated, in whole or substantial part, by this corporate business purpose.

(m) Distribution 1 is not being used principally as a device for the distribution of the earnings and profits of Sub 4, Controlled or both.

(n) For purposes of § 355(d), immediately after Distribution 1, no person (determined after applying § 355(d)(7) and (8)(A)) will hold stock of Sub 4 possessing 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or 50 percent or more of the total value of shares of all classes of stock, that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 1.

(o) For purposes of § 355(d), immediately after Distribution 1, no person (determined after applying § 355(d)(7) and (8)(A)) will hold stock of Controlled possessing 50 percent or more of the total combined voting power of all classes of stock

entitled to vote, or 50 percent or more of the total value of shares of all classes of stock, that was either (i) acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 1 or (ii) attributable to distributions on stock of the distributing corporation that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 1.

(p) Distribution 1 is not part of a plan or series of related transactions (within the meaning of § 1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of § 355(d)(4)) in Sub 4 or Controlled (including any predecessor or successor of any such corporation), other than Shareholder Subs's acquisition of Controlled stock pursuant to Distribution 5.

(q) Immediately after Distribution 1, neither Sub 4 nor Controlled will be a disqualified investment corporation within the meaning of § 355(g)(2). In making the foregoing representation, neither the right to receive any Post-Exchange Insurance Payments and Post-Exchange Indemnity Payments nor the receipt of any such payments will be treated as "investment assets" within the meaning of § 355(g)(2)(B) held by Controlled "immediately after" Distribution 1.

(r) Sub 4, Controlled and Sub 3 will pay their respective expenses, if any, incurred in connection with Contribution 1 and Distribution 1

The following representations are made with respect to Distribution 2:

(s) Any indebtedness owed by Controlled to Sub 3 after Distribution 2 will not constitute stock or securities.

(t) No part of the consideration to be distributed by Sub 3 in Distribution 2 will be received by Sub 2 as a creditor, employee, or in any capacity other than that of a Sub 3 shareholder.

(u) Sub 3 and Controlled will each treat all members of its respective SAG as one corporation for purposes of providing information as to whether it meets the requirements of § 355(b)(2)(A) regarding the active conduct of a trade or business.

(v) The five years of financial information submitted on behalf of the Sub 3 Businesses conducted by Sub 3, Sub 5, Sub 6 and Sub 4 (all of which are members of the Sub 3 SAG and are referred to herein as the "Sub 3 SAG Members") is representative of the present business operations of the Sub 3 Businesses conducted by the Sub 3 SAG Members, and with regard to the Sub 3 Businesses, there have been no substantial operational changes since the date of the last financial statements submitted.

(w) The five years of financial information submitted on behalf of the Controlled Businesses conducted by the Sub 3 SAG is representative of the present business operations of the Controlled Businesses conducted by the Sub 3 SAG, and with regard to the Controlled Businesses, there have been no substantial operational changes since the date of the last financial statements submitted.

(x) Following the Proposed Transaction, Sub 3 and Controlled will each continue the active conduct of each of its businesses, independently (except as contemplated by the Ancillary Agreements) and with its separate employees.

(y) No intercorporate debt will exist between Sub 3 and its subsidiaries, on the one hand, and Controlled and its subsidiaries, on the other hand, at the time of, or subsequent to, Distribution 2, except for payables arising under the Ancillary Agreements, or indebtedness otherwise arising in the ordinary course of business.

(z) Payments made in connection with all continuing transactions, if any, between Sub 3 and its subsidiaries, on the one hand, and Controlled and its subsidiaries, on the other hand, following Distribution 2 (other than any Adjustment Payments) will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

(aa) No two parties to Distribution 2 will be investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

(bb) Distribution 2 is being carried out for the corporate business purpose of facilitating Distribution 5 and is motivated, in whole or substantial part, by this corporate business purpose.

(cc) Distribution 2 is not being used principally as a device for the distribution of the earnings and profits of Sub 3, Controlled or both.

(dd) For purposes of § 355(d), immediately after Distribution 2, no person (determined after applying § 355(d)(7) and (8)(A)) will hold stock of Sub 3 possessing 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or 50 percent or more of the total value of shares of all classes of stock, that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 2.

(ee) For purposes of § 355(d), immediately after Distribution 2, no person (determined after applying § 355(d)(7) and (8)(A)) will hold stock of Controlled possessing 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or 50 percent or more of the total value of shares of all classes of stock, that was either (i) acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 2 or (ii) attributable to distributions on stock of the distributing corporation

that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 2.

(ff) Distribution 2 is not part of a plan or series of related transactions (within the meaning of § 1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of § 355(d)(4)) in Sub 3 or Controlled (including any predecessor or successor of any such corporation), other than Shareholder Subs's acquisition of Controlled stock pursuant to Distribution 5.

(gg) Immediately after Distribution 2, neither Sub 3 nor Controlled will be a disqualified investment corporation within the meaning of § 355(g)(2). In making the foregoing representation, neither the right to receive any Post-Exchange Insurance Payments and Post-Exchange Indemnity Payments nor the receipt of any such payments will be treated as "investment assets" within the meaning of § 355(g)(2)(B) held by Controlled "immediately after" Distribution 2.

The following representations are made with respect to Distribution 3:

(hh) Any indebtedness owed by Controlled to Sub 2 after Distribution 3 will not constitute stock or securities.

(ii) No part of the consideration to be distributed by Sub 2 in Distribution 3 will be received by Sub 1 as a creditor, employee, or in any capacity other than that of a Sub 2 shareholder.

(jj) Sub 2 and Controlled will each treat all members of its respective SAG as one corporation for purposes of providing information as to whether it meets the requirements of § 355(b)(2)(A) regarding the active conduct of a trade or business.

(kk) The five years of financial information submitted on behalf of the Sub 2 Businesses conducted by the Sub 3 SAG Members (all of which are members of the Sub 2 SAG and are referred to herein as the "Sub 2 SAG Members") is representative of the present business operations of the Sub 2 Businesses conducted by the Sub 2 SAG Members, and with regard to the Sub 2 Businesses, there have been no substantial operational changes since the date of the last financial statements submitted.

(ll) The five years of financial information submitted on behalf of the Controlled Businesses conducted by the Sub 2 SAG is representative of the present business operations of the Controlled Businesses conducted by the Sub 2 SAG, and with regard to the Controlled Businesses, there have been no substantial operational changes since the date of the last financial statements submitted.

(mm) Following the Proposed Transaction, Sub 2 and Controlled will each continue the active conduct of each of its businesses, independently (except as contemplated by the Ancillary Agreements) and with its separate employees.

(nn) No intercorporate debt will exist between Sub 2 and its subsidiaries, on the one hand, and Controlled and its subsidiaries, on the other hand, at the time of, or subsequent to, Distribution 3, except for payables arising under the Ancillary Agreements, or indebtedness otherwise arising in the ordinary course of business.

(oo) Payments made in connection with all continuing transactions, if any, between Sub 2 and its subsidiaries, on the one hand, and Controlled and its subsidiaries, on the other hand, following Distribution 3 (other than any Adjustment Payments) will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

(pp) No two parties to Distribution 3 will be investment companies as defined in § 368(a)(2)(F)(iii) and (iv).

(qq) Distribution 3 is being carried out for the corporate business purpose of facilitating Distribution 5 and is motivated, in whole or substantial part, by this corporate business purpose.

(rr) Distribution 3 is not being used principally as a device for the distribution of the earnings and profits of Sub 2, Controlled or both.

(ss) For purposes of § 355(d), immediately after Distribution 3, no person (determined after applying § 355(d)(7) and (8)(A)) will hold stock of Sub 2 possessing 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or 50 percent or more of the total value of shares of all classes of stock, that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 3.

(tt) For purposes of § 355(d), immediately after Distribution 3, no person (determined after applying § 355(d)(7) and (8)(A)) will hold stock of Controlled possessing 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or 50 percent or more of the total value of shares of all classes of stock, that was either (i) acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 3 or (ii) attributable to distributions on stock of the distributing corporation that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 3.

(uu) Distribution 3 is not part of a plan or series of related transactions (within the meaning of § 1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of

§ 355(d)(4)) in Sub 2 or Controlled (including any predecessor or successor of any such corporation), other than Shareholder Subs's acquisition of Controlled stock pursuant to Distribution 5.

(vv) Immediately after Distribution 3, neither Sub 2 nor Controlled will be a disqualified investment corporation within the meaning of § 355(g)(2). In making the foregoing representation, neither the right to receive any Post-Exchange Insurance Payments and Post-Exchange Indemnity Payments nor the receipt of any such payments will be treated as "investment assets" within the meaning of § 355(g)(2)(B) held by Controlled "immediately after" Distribution 3.

The following representations are made with respect to Contribution 2 and Distribution 4:

(ww) Any indebtedness owed by Controlled to Sub 1 after Distribution 4 will not constitute stock or securities.

(xx) No part of the consideration to be distributed by Sub 1 in Distribution 4 will be received by Distributing as a creditor, employee, or in any capacity other than that of a Sub 1 shareholder.

(yy) Sub 1 and Controlled will each treat all members of its respective SAG as one corporation for purposes of providing information as to whether it meets the requirements of § 355(b)(2)(A) regarding the active conduct of a trade or business.

(zz) The five years of financial information submitted on behalf of the Sub 1 Businesses conducted by Sub 7, Sub 8, and the Sub 2 SAG Members (all of which are members of the Sub 1 SAG and are referred to herein as the "Sub 1 SAG Members") is representative of the present business operations of the Sub 1 Businesses conducted by the Sub 1 SAG Members, and with regard to the Sub 1 Businesses, there have been no substantial operational changes since the date of the last financial statements submitted.

(aaa) The five years of financial information submitted on behalf of the Controlled Businesses conducted by the Sub 1 SAG is representative of the present business operations of the Controlled Businesses conducted by the Sub 1 SAG, and with regard to the Controlled Businesses, there have been no substantial operational changes since the date of the last financial statements submitted.

(bbb) Following the Proposed Transaction, Sub 1 and Controlled will each continue the active conduct of each of its businesses, independently (except as contemplated by the Ancillary Agreements) and with its separate employees.

(ccc) The total fair market value of the assets transferred to Controlled by Sub 1 in Contribution 2 will equal or exceed the aggregate adjusted basis of such assets.

(ddd) In Contribution 2, no liabilities of Sub 1 will be assumed by Controlled and no assets subject to liabilities will be transferred to Controlled by Sub 1.

(eee) No intercorporate debt will exist between Sub 1 and its subsidiaries, on the one hand, and Controlled and its subsidiaries, on the other hand, at the time of, or subsequent to, Distribution 4, except for payables arising under the Ancillary Agreements, or indebtedness otherwise arising in the ordinary course of business.

(fff) Payments made in connection with all continuing transactions, if any, between Sub 1 and its subsidiaries, on the one hand, and Controlled and its subsidiaries, on the other hand, following Distribution 4 (other than any Adjustment Payments) will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

(ggg) Other than Controlled, no party to Distribution 4 is an investment company as defined in § 368(a)(2)(F)(iii) and (iv).

(hhh) Distribution 4 is being carried out for the corporate business purpose of facilitating Distribution 5 and is motivated, in whole or substantial part, by this corporate business purpose.

(iii) Distribution 4 is not being used principally as a device for the distribution of the earnings and profits of Sub 1, Controlled or both.

(jjj) For purposes of § 355(d), immediately after Distribution 4, no person (determined after applying § 355(d)(7) and (8)(A)) will hold stock of Sub 1 possessing 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or 50 percent or more of the total value of shares of all classes of stock, that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 4.

(kkk) For purposes of § 355(d), immediately after Distribution 4, no person (determined after applying § 355(d)(7) and (8)(A)) will hold stock of Controlled possessing 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or 50 percent or more of the total value of shares of all classes of stock, that was either (i) acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 4 or (ii) attributable to distributions on stock of the distributing corporation that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 4.

(III) Distribution 4 is not part of a plan or series of related transactions (within the meaning of § 1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of

§ 355(d)(4)) in Sub 1 or Controlled (including any predecessor or successor of any such corporation), other than Shareholder Subs's acquisition of Controlled stock pursuant to Distribution 5.

(mmm) Immediately after Distribution 4, neither Sub 1 nor Controlled will be a disqualified investment corporation within the meaning of § 355(g)(2). In making the foregoing representation, neither the right to receive any Post-Exchange Insurance Payments and Post-Exchange Indemnity Payments nor the receipt of any such payments will be treated as "investment assets" within the meaning of § 355(g)(2)(B) held by Controlled "immediately after" Distribution 4.

(nnn) Except with respect to the expenses of Company A which will be paid by Distributing as described in Section 10.2 of the Share Exchange Agreement, Sub 1, Controlled and Distributing will pay their respective expenses, if any, incurred in connection with Contribution 2 and Distribution 4.

The following representations are made with respect to Contribution 3 and Distribution 5:

(ooo) Any indebtedness owed by Controlled to Distributing after Distribution 5 will not constitute stock or securities.

(ppp) The fair market value of Controlled stock to be received by Shareholder Subs in Distribution 5 will be approximately equal to the fair market value of the Distributing stock to be surrendered by Shareholder Subs.

(qqq) No part of the consideration to be distributed by Distributing in Distribution 5 will be received by Shareholder Subs as a creditor, employee, or in any capacity other than that of a Distributing shareholder.

(rrr) Distributing and Controlled will each treat all members of its respective SAG as one corporation for purposes of providing information as to whether it meets the requirements of § 355(b)(2)(A) regarding the active conduct of a trade or business.

(sss) The five years of financial information submitted on behalf of the Distributing Businesses conducted by Sub 9, Sub 10, Sub 11, and the Sub 1 SAG Members (all of which are members of the Distributing SAG and are referred to herein as the "Distributing SAG Members") is representative of the present business operations of the Distributing Businesses conducted by the Distributing SAG Members and, with regard to the Distributing Businesses, there have been no substantial operational changes since the date of the last financial statements submitted. In the case of Sub 9 and Sub 11 (partners meeting the active trade or business requirements of Rev. Rul. 92-17, 1992-1 C.B. 142 and Rev. Rul. 2002-49, 2002-2 C.B. 288), such financial information is of the businesses conducted by the relevant partnerships (Sub 12 and Sub 13, respectively).

(ttt) The five years of financial information submitted on behalf of the Controlled Businesses conducted by the Distributing SAG is representative of the present business operations of the Controlled Businesses conducted by the Distributing SAG, and with regard to the Controlled Businesses, there have been no substantial operational changes since the date of the last financial statements submitted.

(uuu) Following the Proposed Transaction, Distributing and Controlled will each continue the active conduct of each of its businesses, independently (except as contemplated by the Ancillary Agreements) and with its separate employees.

(vvv) In Contribution 3, no liabilities of Distributing will be assumed by Controlled and no assets subject to liabilities will be transferred to Controlled by Distributing.

(www) No intercorporate debt will exist between Distributing and its subsidiaries, on the one hand, and Controlled and its subsidiaries, on the other hand, at the time of, or subsequent to, Distribution 5, except for payables arising under the Ancillary Agreements, or indebtedness otherwise arising in the ordinary course of business.

(xxx) Immediately before Distribution 5, items of income, gain, loss, deduction, and credit will be taken into account as required by the applicable intercompany transaction regulations. Further, Distributing's excess loss account, if any, with respect to the stock of Controlled will be included in income immediately before Distribution 5.

(yyy) Payments made in connection with all continuing transactions, if any, between Distributing and its subsidiaries, on the one hand, and Controlled and its subsidiaries, on the other hand, following Distribution 5 (other than any Adjustment Payments) will be for fair market value based on terms and conditions arrived at by the parties bargaining at arm's length.

(zzz) Other than Controlled, no party to Distribution 5 is an investment company as defined in § 368(a)(2)(F)(iii) and (iv).

(aaaa) Distribution 5 is being carried out for the Corporate Business Purposes. Distribution 5 is motivated, in whole or substantial part, by one or more of these corporate business purposes.

(bbbb) Distribution 5 is not being used principally as a device for the distribution of the earnings and profits of Distributing or Controlled or both.

(cccc) For purposes of § 355(d), immediately after Distribution 5, no person (determined after applying § 355(d)(7) and (8)(A)) will hold stock possessing 50 percent or more of the total combined voting power of all classes of Distributing stock entitled to vote, or 50 percent or more of the total value of shares of all classes of Distributing

stock, that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 5.

(dddd) For purposes of § 355(d), immediately after Distribution 5, no person (determined after applying § 355(d)(7) and (8)(A)) will hold Controlled stock possessing 50 percent or more of the total combined voting power of all classes of stock entitled to vote, or 50 percent or more of the total value of shares of all classes of stock, that was either (i) acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 5 or (ii) attributable to distributions on Distributing stock that was acquired by purchase (as defined in § 355(d)(5) and (8)) during the five-year period (determined after applying § 355(d)(6)) ending on the date of Distribution 5.

(eeee) Distribution 5 is not part of a plan or series of related transactions (within the meaning of § 1.355-7) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest (within the meaning of § 355(d)(4)) in Distributing or Controlled (including any predecessor or successor of any such corporation), other than Shareholder Subs's acquisition of Controlled stock pursuant to Distribution 5.

(ffff) Immediately after Distribution 5, neither Distributing nor Controlled will be a disqualified investment corporation within the meaning of § 355(g)(2). In making the foregoing representation, neither the right to receive any Post-Exchange Insurance Payments and Post-Exchange Indemnity Payments nor the receipt of any such payments will be treated as "investment assets" within the meaning of § 355(g)(2)(B) held by Controlled "immediately after" Distribution 5.

(gggg) Except with respect to the expenses of Company A which will be paid by Distributing as described in Section 10.2 of the Share Exchange Agreement, Distributing, Controlled and the Shareholder will pay their respective expenses, if any, incurred in connection with Contribution 3 and Distribution 5.

Rulings

Based solely on the information submitted and the representations made, we rule as follows on Contribution 1 and Distribution 1:

(1) Contribution 1, followed by Distribution 1, will be a reorganization within the meaning of § 368(a)(1)(D). Sub 4 and Controlled will each be "a party to a reorganization" within the meaning of § 368(b).

(2) No gain or loss will be recognized by Sub 4 on Contribution 1. §§ 361(a) and 357(a).

(3) No gain or loss will be recognized by Controlled on Contribution 1. § 1032(a).

(4) Controlled's basis in each asset received from Sub 4 will be the same as the basis of that asset in the hands of Sub 4 immediately before Contribution 1. § 362(b).

(5) Controlled's holding period in each asset received from Sub 4 will include the period during which those assets were held by Sub 4. § 1223(2).

(6) No gain or loss will be recognized by Sub 4 on Distribution 1. § 361(c).

(7) No gain or loss will be recognized by (and no amount will be includible in the income of) Sub 3 upon the receipt of Controlled stock in Distribution 1. § 355(a)(1).

(8) The holding period of the Controlled stock in the hands of Sub 3 will include the holding period of the Sub 4 shares with respect to which Distribution 1 will be made, provided the Sub 4 shares are held as a capital asset by Sub 3 on the date of Distribution 1. § 1223(1).

(9) Earnings and profits, if any, will be allocated between Sub 4 and Controlled in accordance with § 312(h) and §§ 1.312-10 and 1.1502-33.

Based solely on the information received and the representations made, we rule as follows on Distribution 2:

(10) No gain or loss will be recognized by Sub 3 on Distribution 2. § 355(c)(1).

(11) No gain or loss will be recognized by (and no amount will be includible in the income of) Sub 2 upon the receipt of Controlled stock in Distribution 2. § 355(a)(1).

(12) The holding period of the Controlled stock in the hands of Sub 2 will include the holding period of the Sub 3 shares with respect to which Distribution 2 will be made, provided the Sub 3 shares are held as a capital asset by Sub 2 on the date of Distribution 2. § 1223(1).

(13) Earnings and profits, if any, will be allocated between Sub 3 and Controlled in accordance with § 312(h) and §§ 1.312-10 and 1.1502-33.

Based solely on the information submitted and the representations made, we rule as follows on Distribution 3:

(14) No gain or loss will be recognized by Sub 2 on Distribution 3. § 355(c)(1).

(15) No gain or loss will be recognized by (and no amount will be includible in the income of) Sub 1 upon the receipt of Controlled stock in Distribution 3. § 355(a)(1).

(16) The holding period of the Controlled stock in the hands of Sub 1 will include the holding period of the Sub 2 shares with respect to which Distribution 3 will be made, provided the Sub 2 shares are held as a capital asset by Sub 1 on the date of Distribution 3. § 1223(1).

(17) Earnings and profits, if any, will be allocated between Sub 2 and Controlled in accordance with § 312(h) and §§ 1.312-10 and 1.1502-33.

Based solely on the information submitted and the representations made, we rule as follows on Contribution 2 and Distribution 4:

(18) Contribution 2, followed by Distribution 4, will be a reorganization within the meaning of § 368(a)(1)(D). Sub 1 and Controlled will each be “a party to a reorganization” within the meaning of § 368(b).

(19) No gain or loss will be recognized by Sub 1 on Contribution 2. § 361(a).

(20) No gain or loss will be recognized by Controlled on Contribution 2. § 1032(a).

(21) Controlled’s basis in the Company A Shares received from Sub 1 will be the same as the basis of the Company A Shares in the hands of Sub 1 immediately prior to Contribution 2. § 362(b).

(22) Controlled’s holding period in the Company A Shares received from Sub 1 will include the period during which the Company A Shares were held by Sub 1. § 1223(2).

(23) No gain or loss will be recognized by Sub 1 on Distribution 4. § 361(c).

(24) No gain or loss will be recognized by (and no amount will be includible in the income of) Distributing upon the receipt of Controlled stock in Distribution 4. § 355(a)(1).

(25) The holding period of the Controlled stock in the hands of Distributing will include the holding period of the Sub 1 shares with respect to which Distribution 4 will be made, provided the Sub 1 shares are held as a capital asset by Distributing on the date of Distribution 4. § 1223(1).

(26) Earnings and profits, if any, will be allocated between Sub 1 and Controlled in accordance with § 312(h) and §§ 1.312-10 and 1.1502-33.

Based solely on the information submitted and the representations made, we rule as follows on Contribution 3 and Distribution 5:

(27) Contribution 3, followed by Distribution 5, will be a reorganization within the meaning of § 368(a)(1)(D). Distributing and Controlled will each be “a party to a reorganization” within the meaning of § 368(b).

(28) No gain or loss will be recognized by Distributing on Contribution 3. § 361(a).

(29) No gain or loss will be recognized by Controlled on Contribution 3. § 1032(a).

(30) No gain or loss will be recognized by Distributing on Distribution 5. § 361(c).

(31) No gain or loss will be recognized by (and no amount will be includible in the income of) Shareholder Subs (or the Shareholder) upon their receipt of the stock of Controlled in Distribution 5. § 355(a)(1).

(32) The aggregate basis of the Controlled stock received by Shareholder Subs in Distribution 5 will be the same as the aggregate basis of the Distributing stock surrendered by such Shareholder Subs in Distribution 5. § 358(a); §§ 1.358-1(a) and 1.358-2(a)(2).

(33) The holding period of the Controlled stock in the hands of Shareholder Subs will include the holding period of the Distributing shares exchanged therefor in Distribution 5, provided the Distributing shares are held as a capital asset by such Shareholder Subs on the date of Distribution 5. § 1223(1).

(34) Earnings and profits, if any, will be allocated between Distributing and Controlled in accordance with § 312(h) and §§ 1.312-10 and 1.1502-33.

(35) Except for purposes of § 355(g), any Adjustment Payments made by Distributing to Controlled, or vice versa, that (i) have arisen or will arise for a taxable period ending on or before Distribution 5 or for a taxable period beginning on or before and ending after Distribution 5 and (ii) will not have become fixed and ascertainable until after Distribution 5, will be treated as occurring immediately before Distribution 5 (see Arrowsmith v. Commissioner, 344 U.S. 6 (1952); Rev. Rul. 83-73, 1983-1 C.B. 84).

Caveats

No opinion is expressed about the tax treatment of the Proposed Transaction under other provisions of the Code or the Income Tax Regulations or the tax treatment of any conditions existing at the time of, or effects resulting from, the Proposed

Transaction that are not specifically covered by the above rulings. In particular, no opinion is expressed regarding whether Distribution 1, Distribution 2, Distribution 3, Distribution 4 and Distribution 5: (i) satisfy the business purpose requirement of § 1.355-2(b); (ii) are used principally as a device for the distribution of the earnings and profits of the distributing corporation or the controlled corporation or both (see § 355(a)(1)(B) and § 1.355-2(d)); or (iii) are part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50-percent or greater interest in the distributing corporation or the controlled corporation (see § 355(e)(2)(A)(ii) and § 1.355-7).

Procedural Statements

This ruling is directed only to the taxpayers who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent. A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of this letter ruling

In accordance with the power of attorney on file in this office, a copy of this ruling letter is being sent to your authorized representatives.

Sincerely,

Richard K. Passales
Senior Counsel, Branch 4
Office of Associate Chief Counsel
(Corporate)